

Initial Quarterly Loan Review Findings

FHA's Quarterly Loan Review Summary for Quarter ending June 30, 2014

Introduction >>>

The FHA Quarterly Loan Review Findings include all Single Family Post-Endorsement Technical Loan Reviews (PETRs) conducted by FHA between March 31, 2014, and June 30, 2014. **This report reflects the initial rating of each file reviewed during the quarter.** A loan rating of unacceptable may change if the lender provides mitigating documentation to FHA. Even if a rating is subsequently mitigated, an initial rating of unacceptable indicates the loan endorsement file exhibited a material defect at the time of endorsement. For additional details on the Report, please visit the "Quarterly Loan Review Findings Report" tab on our lender page at www.hud.gov/lenders.

Loan Sample Characteristics >>>

Total Loans Reviewed:	5,217	Purchase:	83%
Conforming:	19%	Rate & Term Refinance:	7%
Deficient:	34%	Streamline Refinance:	10%
Initial Unacceptable:	47%	HECM:	33%
		EPDs:	42%

Finding Category	% of Total	% Unacceptable (U)
Program Eligibility	9%	51%
Credit/Underwriting	26%	67%
Collateral/Asset Valuation	7%	33%
Operational Deficiencies	9%	50%
File Documentation	49%	29%
Totals	100%	

Top 5 Findings Ranked by Category

Program Eligibility	% of Total	% U	Credit and Underwriting	% of Total	% U
1. Purchase contract, Real Estate Certificate and/or Amendatory Clause missing, illegible or incorrect.	29%	24%	1. Unacceptable, unsupported, or insufficient source of funds.	16%	67%
2. Borrower not owner occupant, property not principal residence, possible investor issues and/or eligibility requirements for principal residence not met.	13%	36%	2. Obligations of borrower(s) (non-purchasing spouses included) omitted, inaccurate, not supported, not disclosed, and/or illegible.	14%	68%
3. Issues related to National Mortgage Licensing System registration requirements.	10%	22%	3. Income improperly documented.	13%	64%
4. Mortgage amount incorrect, loan-to-value limit and/or statutory limit exceeded.	10%	96%	4. Concerns related to assets derived from gift(s).	13%	66%
5. Newly constructed home does not meet requirements.	8%	76%	5. CAIVRS, LDP/GSA authorization, and/or delinquent federal debt issues not properly documented or satisfied.	12%	44%
6. All other	31%	72%	6. All other	32%	75%
	100%			100%	
Collateral/Asset Valuation	% of Total	% U	Operational Deficiencies	% of Total	% U
1. Concerns related to Sales Comparison Approach section of the appraisal report.	41%	15%	1. Data integrity deficiencies: File documentation does not support Accept/Approve decision in AUS.	46%	57%
2. Concerns related to the Neighborhood, Site, and/or Improvements section of the appraisal report.	33%	22%	2. Lender Insured data integrity concerns: Insured loan data entered in FHA Connection is not supported by file documents.	25%	28%
3. Property does not meet Minimum Property Requirements or Standards.	12%	83%	3. Unallowable, excessive costs/credits to borrower or other HUD-1 and/or Good Faith Estimate inaccuracies.	14%	74%
4. Repairs not acceptably addressed.	7%	87%	4. Non-Lender Insured data discrepancies exist between information entered in FHA Connection and the case binder, but do not affect loan approval or insurability.	11%	24%
5. Appraisal is missing or expired.	5%	55%	5. Sales contract dated less than 91 days from acquisition date by seller.	2%	100%
6. All other	1%	64%	6. All other	2%	82%
	100%			100%	

Top 5 Findings Ranked by Category (Continued)

File Documentation	% of Total	% U
1. Form HUD-92900-A not properly completed or missing.	23%	9%
2. Form HUD-92900-LT FHA Loan Underwriting and Transmittal Summary is missing, illegible or incorrect.	11%	12%
3. Form HUD-92800.5B substantially incomplete, incorrect or missing.	11%	7%
4. Uniform Residential Loan Application not properly completed or missing.	11%	7%
5. HUD-1, HUD-1 Addendum if applicable, and/or Good Faith Estimate either missing, not the final copy, not complete, or illegible.	8%	16%
6. All other	36%	62%
	100%	